

Master Equipment Lease/Purchase Program

Equipment Lease Operating

Lease Payments	FY 2004 Approved	FY 2005 Proposed	% Change
Department of Public Works	\$11,795,475	\$11,602,669	-1.6%
Fire and Emergency Medical Service Dept.	\$5,385,889	\$ 5,418,615	0.61%
Metropolitan Police Department	\$6,689,930	\$5,075,025	-24.14%
Department of Parks and Recreation	\$760,834	\$ 558,025	26.66%
Department of Health	\$377,000	\$ 280,979	25.47%
DC Public Library	\$195,934	\$ 145,436	25.77%
Office of Administrative Hearings	N/A	\$ 28,149	N/A
Total	\$25,205,062	\$23,108,898	-8.3%

The purpose of the Master Equipment Lease/Purchase Program (the Program) provides District agencies with access to low-cost, tax-exempt financing for short-term capital equipment needs.

The program also enables the District to improve its asset/liability management by matching the useful life of the asset being financed to the amortization of the liability. Equipment financed through the program must have a useful life of at least five years. The repayment (amortization) will not exceed the useful life of the equipment being financed. The maximum financing term that may be requested is 10 years. The program finances equipment such as rolling stock (e.g., automobiles, trucks, and public safety vehicles) and computer hardware and software.

Under the District of Columbia Home Rule Act, the District may issue various obligations to finance its capital needs. Financing through the program involves a financing company paying for the purchase of equipment for the District's use, the District making lease payments to the

financing company for such equipment, which are in effect principal and interest payments on the amount financed, and the District gaining ownership of the equipment upon completion of the payments. As of September 30, 2003, the District had financed approximately \$92 million of its capital equipment needs through the program, and had approximately \$56.7 million in principal outstanding.

Timely lease payments are necessary to satisfy the District's commitments to its investors and creditors, and to maintain a good credit standing in the financial markets. Appropriations for the program are budgeted from Local funds in amounts sufficient to meet the required lease payments.

Gross Funds

The proposed budget is \$23,108,898 representing a change of 100 percent from the approved FY 2004 budget. In FY 2004, master lease payments was included in the local budgets' of the agencies participating in the Master Lease program. The Master Lease program via Intra-District funds acquired these funds. A new agency, Equipment Lease Operating was formed to centralize master lease payments in one agency. There are no FTEs for this agency.

General Funds

Local Funds. The proposed budget is \$23,108,898 representing a change of 8.3 percent from the approved FY 2004 budget.

Master Equipment Lease represents lease (principal and interest) payments associated with the financing of the program.

Funding by Source

Table ELO-1 shows the source(s) of funding by fund type for the Master Equipment Lease/Purchase Program.

Table ELO-1

FY 2005 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2002	Actual FY 2003	Approved FY 2004	Proposed FY 2005	Change from FY 2004	Percent Change
Local Fund	0	0	25,205	23,109	-2,096	8.3
Total for General Fund	0	0	25,205	23,109	-2,096	8.3
Gross Funds	0	0	25,305	23,109	-2,096	8.3

Expenditures by Comptroller Source Group

Table ELO-2 shows the FY 2005 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

Table ELO-2

FY 2005 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2002	Actual FY 2003	Approved FY 2004	Proposed FY 2005	Change from FY 2004	Percent Change
80 Debt Service	0	0	25,205	23,109	-2,096	8.3
Subtotal Nonpersonal Services (NPS)	0	0	25,205	23,109	-2,096	8.3
Total Proposed Operating Budget	0	0	25,205	23,109	-2,096	8.3